

DAHAB ASSOCIATES

NEW YORK PENNSYLVANIA



MASSACHUSETTS FLORIDA

November 24, 2014

Franklin Regional Retirement System
278 Main Street, Suite 311
Greenfield, Massachusetts 01301

Ladies and Gentlemen:

We are pleased to present the results of the mid cap core manager search conducted on behalf of the Franklin Regional Retirement System. The search process began with a notice of the search on our website (www.dahab.com), as well as the PERAC website (www.mass.gov/perac). We also screened our database of mid cap core managers. Below is an outline of our decision making process.

1. We received 15 total responses to the publicly posted request for proposal (RFP).
2. Out of the 15 respondents, seven were eliminated because they were not beating the Russell Mid Cap Index on an 3-year annualized basis
 - o Inclusive of the seven managers, five did not exceed the Index on 5-year annualized basis
3. Of the eight remaining respondents, three were eliminated due to qualitative and quantitative factors:
 - o **The Boston Company**
 - Submitted a value strategy
 - 3 & 5 year annualized performance trails the incumbent by 125 bps and 99 bps, respectively
 - o **Chicago Equity Partners**
 - The portfolio has the ability to “extend” into large cap (23% of the portfolio was >\$15B at the end of 3Q14)
 - 3 & 5 year annualized performance trails the incumbent by 396 bps and 15 bps, respectively
 - o **Iridian Asset Management**
 - Submitted a value strategy
 - The strategy also invests in large cap companies (42% of the portfolio was >\$15B at the end of 3Q14)
4. This left five remaining respondents, with the incumbent (Seizert Capital Partners) being one of them.
5. Of the four non-incumbents, there was only one manager (Fairpointe Capital) that was marginally beating Seizert on a 3 & 5 year annualized basis (50 bps and 22 bps respectively). At this performance differentiation level, the cost of a manager transition does not outweigh the benefit.

Therefore, Dahab Associates recommends retaining Seizert Capital Partners as the mid cap core manager for the Franklin Regional Retirement System. Should you have any questions, please do not hesitate to call me at our Bay Shore office (631.665.6181) or Greg McNeillie at our Franklin office (508.520.3800).

Sincerely,

Steven Roth, CFA
Managing Director